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DOMINION AND ANGLO
INVESTMENT CORPORATION

LIMITED

Jackman

38th Annual Report

FOR THE YEAR ENDED APRIL 30, 1966

BOARD OF DIRECTORS:

HENRY R. JACKMAN, Q.C.

J. GERALD GODSOE, C.B.E., Q.C., LL.D.

HENRY N. R. JACKMAN.

HENRY E. LANGFORD, Q.C.

MALCOLM D. RICHARDSON.

R. M. MACINTOSH, Ph.D.

OFFICERS:

HENRY R. JACKMAN, *President.*

HENRY E. LANGFORD, *Vice-President.*

HENRY N. R. JACKMAN, *Secretary.*

CECIL E. JOLLY, *Treasurer.*

Bankers:

THE BANK OF NOVA SCOTIA

Auditors:

PRICE WATERHOUSE & Co., TORONTO

Transfer Agent and Registrar:

EASTERN & CHARTERED TRUST COMPANY, TORONTO

DOMINION AND ANGLO INVESTMENT CORPORATION

LIMITED

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

Your Directors submit herewith their Thirty-Eighth Annual Report together with Audited Accounts for the year ended April 30, 1966.

Interest and dividends received amounted to \$475,656 compared with \$504,748 for the preceding fiscal year. After providing for expenses, interest and income taxes, the net income for the year amounted to \$275,275 compared with \$292,235 for the year ended April 30, 1965. Shareholders will recall that during the year ended April 30, 1965, your Company made a tax free distribution of \$3,605,000 in Preferred shares, subsequently redeemed, to the Company's Common Shareholders at the rate of \$7.00 for each Common share outstanding. In comparing the income for the year under review with that of the previous year this distribution is of significance.

Regular quarterly dividends have been paid on the 5% Cumulative Preferred Stock, and a dividend of 30¢ per share on the no par value Common Stock was paid on April 29, 1966.

During the year changes for the purpose of adjusting the Company's investment portfolio involved surplus over book cost of \$1,130,391. Formerly your Company has not considered that any capital gain arose on the sale of individual securities until the entire original investment has been recovered. Under the amended 1965 Canadian Corporations Act, we are now required to adjust the book cost of investments to average cost per share. This has involved the acceptance of \$1,703,262 capital gain on partial sales of securities in prior years and an equivalent write up in book cost of investments. The amount of \$1,703,262 has been transferred to Capital Reserve which now stands at \$9,200,307.

Your Directors report that the net liquidating value of the Company's assets based on market quotations as of April 30, 1966, after deducting First Secured Bonds was \$16,053,956 compared with \$17,819,094 as of April 30, 1965. This amount was equivalent to \$1,605.40 behind each share of Preferred Stock as compared with \$1,781.91 as of April 30, 1965. After deducting the Preferred Stock at par the liquidating value of the Common Stock was \$29.23 per share as compared with \$32.66 as of April 30, 1965.

A Comparative Summary of the Company's progress since its inception appears on page 7.

Respectfully submitted on behalf of the Board.

H. R. JACKMAN
President

July 25, 1966.
44 King Street West,
Toronto 1, Ontario.

BALANCE SHEET—APRIL 30, 1966

| ASSETS | | LIABILITIES | |
|---|--------------|---|--------------|
| INVESTMENTS, at cost: | | CURRENT LIABILITIES: | |
| Securities having a quoted market value—(Value based on market quotations as at April 30, 1966 amounted to \$18,700,000)..... | \$13,356,427 | Bank loan..... | \$ 560,000 |
| Securities not having a quoted market value..... | 495,000 | Dividend on 5% Preferred Stock payable June 1, 1966..... | 12,500 |
| | \$13,851,427 | Accounts payable..... | 2,500 |
| CASH IN BANKS..... | 15,057 | Accrued interest on bonds..... | 8,453 |
| | | Income taxes payable..... | 1,648 |
| | | | 585,101 |
| | | FIRST SECURED BONDS: | |
| | | Authorized—additional bonds may be issued; each such issue must meet certain tests as to assets, earnings and deposits with the trustee | |
| | | 4% FIRST SECURED BONDS: | |
| | | 1955 issue, to mature April 1, 1970— | |
| | | Issued..... | \$3,000,000 |
| | | Less—Redeemed and cancelled..... | 429,000 |
| | | | 2,571,000 |
| | | CAPITAL STOCK AND SURPLUS: | |
| | | Capital stock (Note 1)— | |
| | | Preferred stock..... | 1,000,000 |
| | | Common stock..... | 220,000 |
| | | Total capital stock outstanding..... | \$1,220,000 |
| | | Surplus accounts— | |
| | | Distributable surplus (unchanged since 1935)..... | 219,301 |
| | | Capital surplus, per statement attached..... | 9,200,307 |
| | | Earned surplus, per statement attached..... | 70,775 |
| | | | 10,710,383 |
| | \$13,866,484 | | \$13,866,484 |

APPROVED ON BEHALF OF THE BOARD:

H. R. JACKMAN, *Director*
H. E. LANGFORD, *Director*

Auditors' Report to the Shareholders of DOMINION AND ANGLO INVESTMENT CORPORATION LIMITED:

We have examined the balance sheet of Dominion and Anglo Investment Corporation Limited as at April 30, 1966 and the statements of income and expenses, earned surplus and capital surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and expenses, earned surplus and capital surplus present fairly the financial position of the company as at April 30, 1966, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change explained in Note 2, which change we approve.

TORONTO , May 19, 1966.

PRICE WATERHOUSE & CO.
Chartered Accountants.

STATEMENT OF EARNED SURPLUS

FOR THE YEAR ENDED APRIL 30, 1966

(Accumulated net income from investments less dividends paid or provided for)

| | |
|------------------------------------|------------------|
| Balance May 1, 1965..... | \$ — |
| Add—Net income for the year..... | 275,275 |
| | <u>275,275</u> |
| DEDUCT: | |
| Dividends on preference stock..... | \$ 50,000 |
| Dividends on common stock..... | 154,500 |
| | <u>204,500</u> |
| Balance April 30, 1966..... | <u>\$ 70,775</u> |

STATEMENT OF CAPITAL SURPLUS

FOR THE YEAR ENDED APRIL 30, 1966

(Principally gains, less losses, on realization of investments less amount capitalized on issue of stock dividend)

| | |
|--|--------------------|
| Balance as at May 1, 1965..... | \$6,349,447 |
| Adjustment on restatement of investments at cost (Note 2)..... | 1,703,262 |
| Balance as at May 1, 1965 after adjustment..... | <u>8,052,709</u> |
| Add: | |
| Discount on purchase of \$202,000 4% First Secured Bonds, due April 1, 1970..... | 17,207 |
| Capital gains, less losses, on realization of investments for the year ended April 30, 1966..... | 1,130,391 |
| Balance April 30, 1966..... | <u>\$9,200,307</u> |

STATEMENT OF INCOME AND EXPENSES

FOR THE YEAR ENDED APRIL 30, 1966

INCOME:

| | |
|----------------|----------------|
| Dividends..... | \$ 455,220 |
| Interest..... | 20,436 |
| | <u>475,656</u> |

EXPENSES:

| | |
|---|----------------|
| Remuneration of executive officers..... | \$ 19,500 |
| Directors' fees..... | 6,000 |
| Other management expenses including rent, salaries and office expenses..... | 33,760 |
| | <u>59,260</u> |
| | <u>416,396</u> |

DEDUCT:

| | |
|---|-------------------|
| Interest on bonds and bank overdraft..... | 112,168 |
| Canadian and foreign income taxes..... | 28,953 |
| | <u>141,121</u> |
| Net income for the year..... | <u>\$ 275,275</u> |

NOTES TO THE FINANCIAL STATEMENTS

1. Particulars of and changes during the year of capital stock are as follows:

PREFERRED STOCK:

| | | |
|---|--------------------|--------------------|
| 5% cumulative redeemable preferred stock— Authorized—25,000 shares of \$100 each..... | <u>\$2,500,000</u> | |
| Issued and outstanding—10,000 shares..... | | <u>\$1,000,000</u> |
| 6% non-cumulative redeemable preferred shares— Authorized—639,500,000 shares of 1¢ each..... | <u>\$6,395,000</u> | |

During the year the company obtained formal approval for the cancellation of 360,500,000 shares which were issued as a stock dividend and subsequently purchased for redemption during the year ended April 30, 1965 and held pending formal reduction in capital.

COMMON STOCK:

| | |
|--|-------------------|
| Authorized—1,000,000 shares without nominal or par value | |
| Issued and outstanding—515,000 shares..... | <u>\$ 220,000</u> |

2. Effective May 1, 1965 the company has calculated the capital gain on sales of partial holdings of an investment, and the value of the investments held, on the basis of average cost. In prior years, when a partial holding of an investment was sold at a profit, the remainder of the investment was carried at cost less the proceeds of the sale. At May 1, 1965 the value at which the investments were shown and capital surplus were increased by \$1,703,262 to reflect this change.

DOMINION AND ANGLO INVESTMENT CORPORATION

LIMITED

FINANCIAL SUMMARY

| | 1966 | 1964 | 1959 | 1954 | 1949 | 1944 | 1939 | 1934 | 1929 |
|-------------------|------------|------------|------------|------------|------------|------------|------------|-----------|------------|
| Gross Income..... | \$ 475,656 | \$ 447,488 | \$ 454,635 | \$ 243,473 | \$ 197,240 | \$ 130,440 | \$ 105,193 | \$ 60,120 | \$ 131,482 |
| Net Income..... | 275,275 | 250,324 | 256,261 | 203,317 | 174,912 | 112,641 | 88,672 | 49,881 | 114,288 |

CAPITALIZATION

| | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Funded Debt | \$2,571,000 | \$2,863,000 | \$2,963,500 | | | | | | |
| Preferred Shares @ 5% Cum. Par Value \$100.00 | 1,000,000 | 1,000,000 | 1,000,000 | \$1,000,000 | \$1,056,300 | \$1,249,500 | \$1,295,000 | \$1,400,000 | \$1,500,000 |
| Common Shares N. P. V. amount contributed | 1,120,000 | 1,120,000 | 1,120,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| | \$4,691,000 | \$4,983,000 | \$5,083,500 | \$2,000,000 | \$2,056,300 | \$2,249,500 | \$2,295,000 | \$2,400,000 | \$2,500,000 |

NET VALUE OF COMPANY'S ASSETS at Market

| | | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Value less Bonds Outstanding..... | \$16,053,956 | \$14,699,056 | \$10,678,940 | \$5,934,359 | \$3,063,053 | \$2,250,325 | \$1,773,445 | \$1,487,525 | \$2,585,000 |
|-----------------------------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|

LIQUIDATING VALUE

| | | | | | | | | | |
|----------------------|------------|------------|------------|----------|----------|----------|----------|----------|----------|
| Preferred | \$1,605.40 | \$1,469.91 | \$1,067.89 | \$593.43 | \$289.98 | \$180.10 | \$136.94 | \$106.25 | \$172.33 |
| Common (b) (c) | \$ 29.23 | \$ 26.60 | \$ 18.79 | \$ 9.87 | \$ 4.01 | \$ 2.00 | \$ 0.96 | \$ 0.175 | \$ 2.17 |

(a) After purchase in the market of preferred shares from time to time.

(b) Adjusted for 30-for-1 split on September 27, 1960.

(c) During fiscal 1965 a tax free distribution of \$7.00 was paid to the Common Shareholders.

DOMINION AND VIDEO MANAGEMENT CORPORATION

MANAGEMENT SERVICES